Revision of drug prices

744. SHRI RAJEEV SHUKLA: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether domestic Pharma industry has sought revision in drug prices by submitting a report on the increase in conversion and packaging cost to Indian drug price regulator, National Pharmaceutical Pricing Authority;

(b) if so, whether the drug regulator annually fixes maximum retail price of medicines that contain any one of 74 raw materials that are under price control of Government;

(c) if so, whether Indian Drug Pharmaceutical Association have been asked to submit a report and they expected Government to implement new pricing decision by July itself; and

(d) if so, whether any final decision in this regard has been taken?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) No Sir. However, individual companies have submitted replies / data in response to a questionnaire issued by National Pharmaceutical Pricing Authority (NPPA) in connection with annual exercise of revision conversion cost (CC), packaging cost (PC), cost of packing material (PM) and process loss (PL) norms.

(b) Annual revision of CC, PC, PM and PL norms is only carried out. Price revision in respect of maximum retail price of medicines that contain any one of the 74 scheduled bulk drugs under DPCO, 1995 is not carried out on an annual basis.

(c) and (d) Indian Drug Pharmaceutical Association have not been asked to submit any report and also no report has been received.

Savings of fertilizers subsidy

745. DR. T. SUBBARAMI REDDY:
MS. MABEL REBELLO:
Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Reliance Industry Limited (RIL) has signed a Gas Sale and Purchase Agreement (GSPA) with 12 urea manufacturers in a move that may result in annual fertilizer subsidy saving of Rs.3,000 crore for the Centre;

(b) whether GSPA involved supply of 15 million standard cubic metres per day annual gas from its Krishna-Godawari basin D6 block to 15 urea units across the country; and

(c) to what extent it has helped in reducing fertilizer subsidy where Government has urged upon RIL to supply more gas with all the fertilizer companies so that fertilizer subsidy becomes nil?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (c) Yes, Reliance Industries Limited has entered into a Gas Sale and Purchase Agreement (GSPA) with 19 urea manufacturing units (12 manufacturers) for supply of 14.84 MMSCMD of natural gas from KG D6 basin. This additional gas is being utilized to replace the costly fuel / feed stock namely naphtha being used earlier in absence of availability of natural gas.

This substitution of naphtha by natural gas has led to reduction in fuel / feed stock cost of production of urea in the country, leading to savings in subsidy by approximately Rs. 3000 crore per annum.

The Department of Fertilizers has taken up with Ministry of Petroleum & Natural Gas for additional long term availability of domestic gas from a future date, to enable conversion of all non-gas based units to gas; expansion of existing urea units and revival of closed urea units in the country to reduce the subsidy burden further.

Government investment in fertilizer manufacturing industry

746. SHRI P. RAJEEVE: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Union Government has made any investment for fertilizer manufacturing industry during the last three years;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) whether any of the Central Public Sector Undertakings which are producing fertilizers has made expansion during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) to (d) The Union Government has not made any direct investment in fertilizer manufacturing industry during the last three years. However, the Government has announced a pricing policy for new investments in urea sector on 4th September, 2008, for attracting new investments in this sector. Further, the Government has decided to accord highest priority in allocation of gas for fertilizer sector *inter-alia* including debottlenecking, expansion and revival projects in the country. The focus of the Government has been to attract investments in this sector rather than making any direct investments.

The Central Public Sector undertakings have not made expansion during the last three years. However, Rashtriya Chemicals & Fertilizers Limited and Krishak Bharati Cooperative Limited have initiated steps for expansion of their units at Thal and Hazira respectively.

Shortage of fertilizers

747. SHRI RAJEEV CHANDRASEKHAR: Will the Minister of CHEMICALS AND FERTILISERS be pleased to state:

(a) the steps taken/being taken by Government to address the shortage of fertilisers, which could result in fall in agricultural output; and

(b) the reasons for this shortage and the steps taken by Government to address the discontent and grievances of farmers caused thereby?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT JENA): (a) and (b) Government have approved the New Pricing Scheme(NPS) Stage III implemented with effect from 1.10.2006. Under the NPS III, the effort is to reach urea to each and every State. The subsidy on urea will be paid only when it reaches the district. The urea is allotted as per monthly requirement projected by State Government through Department of Agriculture & Cooperation. The requirement of urea is met through indigenous production and gap between demand assessment and indigenous production is met through imports.

Urea is the only fertilizer which is under partial movement and distribution control of the Government.